



Department of Justice

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Middle District of Alabama

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**JOHN W. GOFF INDICTED ON TWENTY-SIX COUNTS FOR MAIL FRAUD,
EMBEZZLEMENT OF INSURANCE COMPANY FUNDS, CONSPIRACY, AND
FALSE STATEMENTS TO THE ALABAMA DEPARTMENT OF INSURANCE**

MONTGOMERY, ALABAMA—Louis V. Franklin, Sr., Acting United States Attorney for the Middle District of Alabama, announced on April 2, 2008, that a federal grand jury returned a twenty-six count indictment against John W. Goff of Montgomery, Alabama. The indictment charges one count of conspiracy to commit mail fraud and to embezzle insurance company funds; one count of embezzlement of insurance company funds; twenty-three counts of mail fraud; and one count of making a false material statement to the Alabama Department of Insurance with the intent to deceive for the purpose of influencing the actions of such department.

The indictment alleges in part that Goff devised, and conspired with others to devise, a scheme and artifice to defraud and to obtain by means of false and fraudulent representations and promises money and property to which he was not entitled to benefit himself and others, including family members and business entities that he owned and controlled. In particular, the indictment alleges that from on or about January 1, 2002, through on or about April 30, 2003, Goff, while the sole owner of The Goff Group and the program manager and a fiduciary for XL Speciality Insurance Company ("XL Speciality") and Greenwich Insurance Company ("Greenwich"), collected worker's compensation insurance premiums for these insurance companies, but willfully failed to remit to XL Speciality and Greenwich their share of the premiums. Instead, Goff kept the premiums and spent the money for his own personal expenditures, including his exorbitant salary, lavish lifestyle, corporate aircraft, and real estate investments, and the expenses of The Goff Group. As part of the conspiracy and scheme to

defraud, Goff failed to disclose to XL Speciality and Greenwich, the businesses insured by them, and the independent agents Goff used to sell the worker's compensation policies that he was spending the premiums The Goff Group collected on behalf of XL Speciality and Greenwich and not remitting to XL Speciality and Greenwich their share of the premiums. Moreover, as a further part of the conspiracy and scheme to defraud, in October 2002, Goff falsely represented to XL Speciality and Greenwich that he was no longer collecting premiums for them, when in truth and fact The Goff Group continued to collect premiums for them and Goff spent the premiums for his own unauthorized purposes.

The indictment alleges that Goff unlawfully and illegally withheld approximately \$3,000,000 in premiums from XL Speciality and Greenwich. The indictment further provides that Goff unlawfully and illegally withheld approximately \$25,000 in commissions he owed to independent agents located throughout the Southeast who Goff had used to sell worker's compensation insurance policies issued by XL Speciality and Greenwich. In addition, the indictment charges that Goff used the United States mails for the purpose of executing the unlawful scheme and artifice to defraud.

The conspiracy and mail fraud counts allege violations of Title 18, United States Code, Sections 371 and 1341, respectively. If convicted, the maximum sentence for the conspiracy count is five years imprisonment and a fine of not more than \$250,000 or twice the gross gain or loss from the offense, whichever is greater. If convicted of any one of the twenty-three counts of mail fraud, Goff faces a maximum sentence of twenty years imprisonment and a fine of not more than \$250,000 or twice the gross gain or loss from the offense, whichever is greater.

In addition to the conspiracy count and twenty-three mail fraud counts, Goff is also charged with one count of embezzlement of insurance company funds in violation of Title 18, United States Code, Section 1033(b)(1)(A). This count is based on Goff being an agent of XL Speciality and Greenwich and his knowing and willful embezzlement and misappropriation of premiums belonging to these two insurance companies. If convicted of this count, the maximum sentence is ten years imprisonment and a fine of not more than \$250,000 or twice the gross gain or loss from the offense, whichever is greater.

Finally, the indictment charges Goff with one count of knowingly making false material statements to the Alabama Department of Insurance with the intent to deceive and for the

purpose of influencing the actions of the Alabama Department of Insurance in violation of Title 18, United States Code, Section 1033(a). More specifically, the indictment alleges that on or about March 25, 2004, Goff, while engaged in the business of insurance whose activities affected interstate commerce, falsely stated on an application for business entity producer license to the Alabama Department of Insurance for The Goff Group that no demand or judgment had been rendered against The Goff Group or any owner, partner, officer, or director of The Goff Group for overdue monies by an insurer, insured, or producer, when in truth and fact (i) on March 10, 2004, a final order of arbitration was issued against The Goff Group in the amount of approximately \$4,000,000, in favor of XL Speciality and Greenwich, (ii) between on or about June 28, 2002, and March 25, 2004, XL Speciality and Greenwich made demands against The Goff Group for overdue monies owed to them by The Goff Group, and (iii) between on or about January 1, 2002, and March 25, 2004, the following producers made demands against The Goff Group for overdue monies owed to them by The Goff Group:

| Producer | Location | Demand Amount |
|--|------------------------------|----------------------|
| Seashore Insurance and Associates, Inc. | Jacksonville, North Carolina | \$24,695.74 |
| Kemmons Wilson Insurance | Memphis, Tennessee | \$10,908.84 |
| International Insurance | Mobile, Alabama | \$1,271.93 |
| Lindsey McGarity | McDonough, Georgia | \$1,800.00 |
| Pritchett-Moore, Inc. | Tuscaloosa, Alabama | \$20,000.00 |
| Thames, Batre, Mattei, Beville, & Ison | Mobile, Alabama | \$9,000.00 |
| Blount, Burke, Wimberly, & Hendricks Insurors | Statesboro, Georgia | \$2,559.36 |

Further, in that same application for business entity producer license to the Alabama Department of Insurance, Goff falsely represented that The Goff Group or any owner, partner, officer, or director of the Goff Group had never been a party to or ever been found liable in any lawsuit or arbitration proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty, when in truth and fact, on March 10, 2004, a final order of arbitration was issued against The Goff Group in the amount of

approximately \$4,000,000, in favor of XL Speciality and Greenwich and such arbitration involved allegations of fraud, misappropriation, conversion of funds, misrepresentation and breach of fiduciary duty by The Goff Group. In addition, in that same application for business entity producer license to the Alabama Department of Insurance, Goff falsely represented that The Goff Group or any owner, partner, officer, or director of The Goff Group never had an insurance agency contract or any other business relationship with an insurance company terminated for any alleged misconduct, when in truth and fact, on or about September 30, 2002, XL Speciality and Greenwich terminated an insurance agency contract with The Goff Group for alleged misconduct. If convicted of this count, the maximum sentence is ten years imprisonment and a fine of not more than \$250,000 or twice the gross gain or loss from the offense, whichever is greater.

The dates for the arraignment and trial have not been scheduled.

This case was investigated by the Federal Bureau of Investigation. The case will be prosecuted by Assistant U. S. Attorneys Stephen P. Feaga and J.B. Perrine.

An indictment is merely an accusation of a criminal offense and the charged defendant is presumed innocent until and unless proven guilty.